



The Executive Director

6 June 2007

Excellency,

Thank you for your letter of 16 May concerning management reforms. We are pleased to share information on our continued efforts towards becoming a more efficient, effective, transparent and accountable organization. Please find attached the specific answers to your questions.

Please accept, Excellency, the assurances of my highest consideration.

A handwritten signature in black ink, reading 'Thoraya A. Obaid', is positioned above the printed name and title.

Thoraya Ahmed Obaid
Under-Secretary-General

His Excellency
Mr. Mark D. Wallace
United States Representative for
United Nations Management and Reform
140 East 45 St.
New York, N. Y. 10017

1. Availability of internal audits and other reports

The availability of internal audit reports has been reviewed by the High Level Committee on Management (HLCM) and the Chief Executive Board (CEB). The CEB at its April 20-21, 2007 session took note of progress made and agreed that there is a need for further work and consultation on the disclosure of information contained in internal audit reports. The CEB decided to consider this matter further at its next session and UNFPA will be guided by the decisions taken in the CEB. While investigation reports are confidential documents, information on investigations is provided in the report by the United Nations Board of Auditors. This document is available to member states.

2. Public access to all relevant documentation related to operations and activities

Information about UNFPA operations and activities is available to the public. Documentation provided to the Executive Board includes the Multi Year Funding Framework (MYFF), Biennial Support Budget (BSB), Country Programmes, Annual Report, and the Statistical Overview that includes financial performance information (<http://www.unfpa.org/exbrd/index.htm>). UNFPA also has an extensive presence on the web (<http://www.unfpa.org/about/index.htm>), where the public has access to additional information, including annual procurement statistics.

3. "Whistleblower Protection" policies

UNFPA staff members have the duty to inform their immediate supervisor or head of office about any suspicions of wrongdoing and mismanagement, unless the staff member feels that the supervisor or head of office may be implicated. In such an event, they shall report to the Director, Division for Human Resources, or the Director, Division for Oversight Services. Staff members may also avail themselves of the Investigations Hotline, and a new UNFPA policy protects "whistleblowers" from possible retaliation.

4. Financial Disclosure policies

A Financial Disclosure policy has also been approved by UNFPA and will go into effect in 2007 for 2006. The Executive Director has been providing financial disclosure information since the policy was established at the United Nations Secretariat.

5. Ethics Office

UNFPA has clearly assigned the ethics functions that are entrusted to the Ethics Office in the Secretariat, to existing staff and units within UNFPA. Due to its size and budgetary limitations, an appropriately staffed ethics office within UNFPA could not be justified.

A major fraud awareness and prevention initiative, and ethics training, are being implemented in 2007. For more information on this and related initiatives kindly refer to Executive Board document DP/FPA/2007/14 and the corresponding management response. These will be discussed at the upcoming annual session of the Executive Board.

6. Independence of internal oversight bodies

The independence of both internal audit and the Audit Advisory Committee is ensured by their respective charters and terms of reference, that, inter alia, allow them to contact the President of the Executive Board at any time. Please refer to Executive Board document DP/FPA/2007/14 UNFPA internal audit and oversight activities in 2006.

7. Adoption of IPSAS accounting standards

The adoption of the International Public Sector Accounting Standards (IPSAS) is mandatory across the United Nations system. It should be noted that the United Nations Secretariat, through the Task Force on Accounting Standards, is leading the IPSAS adoption effort. UNFPA is planning on adopting IPSAS standards in a phased approach, starting in 2008. UNFPA will be fully IPSAS compliant by 2010. In light of the adoption of IPSAS, under the leadership of the United Nations secretariat, UNFPA, along with UNDP, UNICEF and WFP, is working on a harmonized set of financial regulations. These will be presented to the General Assembly for decision in 2008.

8. Establishing a cap on administrative overhead costs

For several years, UNFPA has had a cap on its administrative costs. The amount that UNFPA can spend on its Biennial Support Budget is approved by a decision of the Executive Board. UNFPA operates within the cap imposed by this decision. Before the Executive Board approves the administrative budget, it goes through a rigorous review by the Advisory Committee on Administrative and Budgetary Questions (ACABQ) and by the Executive Board.

It should be noted that, for a development agency such as UNFPA, the resources that comprise the Biennial Support Budget (BSB), are much more than just administrative overhead. Rather, they provide the basis on which the core business of the organization is carried out in support of its mission and mandate. The BSB is the set of resources that enables each agency to undertake the programme activities that lead to the achievement of its broad goals and objectives. This is further born out in the proposed results-based budgeting approach that is being presented to the Executive Board in June, 2007.

Over and above the eight areas mentioned in your letter, UNFPA has undertaken a number of other reforms. In 2007 and 2008 UNFPA is bringing to the Executive Board for decision the new Strategic Plan (2008-2011), Global and Regional Programmes (2008-2011), the Resource Allocation System, a new Organizational Structure, and Biennial Support Budget (BSB). This is the most comprehensive and advanced package

UNFPA has ever presented to the Executive Board, both in terms of the scope and the results-based management approach. The package includes a number of indicators at the goal, outcome and output level that will enable Members States to monitor and hold UNFPA accountable for the results achieved within its resources. In support of this, UNFPA is using a Balanced Scorecard approach, beginning with the Executive Committee members, to monitor progress towards the achievement of results.

In June 2007, together with UNDP and UNICEF, UNFPA is presenting a common format for a results-based BSB for decision. If approved, this will allow UNFPA to present its first results-based BSB to the Executive Board in January 2008.

The United Nations Secretary General entrusted the UNFPA Executive Director with the responsibility to Chair the Chief Executive Board High Level Committee on Management (HLCM). During her time as Chairperson of HLCM, the United Nations system decided to adopt IPSAS. Guided by existing decisions by Member States, a major proposal is being developed by HCLM to continue to improve system-wide coherence and the efficiency and effectiveness of the United Nations system in the area of business practices.